UNITED
NATIONS

TD

United Nations
Conference
on Trade and
Development

Distr.
GENERAL

TD/B/WP/110
5 October 1998

Original : ENGLISH

TRADE AND DEVELOPMENT BOARD
Working Party on the Medium-term Plan
and the Programme Budget
Thirty-second session (resumed)
14 December 1998
(Agenda item 4)

IN-DEPTH EVALUATION OF UNCTAD's TRADE POINT PROGRAMME

Prepared by an independent evaluation team:
PriceWaterhouseCoopers
Ms. Nathalie Floras
Mr. Alejandro Rogers

GE.98-51894

CONTENTS

		Paragraphs
A.	Executive summary	1 - 5
B.	Scope of the Trade Point Programme evaluation	6
	1. Terms of reference	7
	2. Methodology employed	8
C.	Initial objectives of the Trade Point Programme	9 - 12
D.	Assessment of the Global Trade Point Network	13 - 48
	1. Development of the Global Trade Point Network to date	13 - 23
	(a) Number of Trade Points	13
	(b) Trade Point operational institutional models	14 - 18
	(c) Role of Governments	19 - 20
	(d) Financial sustainability	21
	(e) Impact on development	22
	(f) Main common characteristics of successful Trade Points	23
	2. Co-ordination and co-operation among Trade Points	24 - 35
	(a) Interconnectivity and Global Trade Point Network	24 - 28
	(b) Certification of Trade Points	29 - 32
	(c) Trade Point federation	33 - 35
	3. Global Trade Point Network services and information infrastructure	36 - 48
	(a) ETO system	36 - 38
	(b) The SEAL initiative	39 - 48
E.	Assessment of the UNCTAD secretariat's role in development of the Trade Point Programme and Global Trade Point Network	49 - 72
	1. Programme concept and implementation	49 - 53
	2. Product and service development	54 - 62
	(a) Co-ordination with other UN development agency Programmes	54 - 58
	(b) Generic services versus end user products	59 - 62
	3. Fund raising for Trade Points in developing countries	63 - 65
	4. Monitoring other technology initiatives and partnership with industry	66 - 68
	5. Organization and management of the Trade Point Programme	69 - 72

CONTENTS (Continued)

Annexes*

1. Terms of reference for the in-depth evaluation of UNCTAD's Trade Point Programme
2. Methodology utilized in the evaluation of the Trade Point Progamme
3. Synthesis of mandate for the Trade Point Programme
4. Work plan for the establishment of a Trade Point
5. Potential approaches to knowledge management within the GTPN
6. Summary of major private sector trade-related electronic commerce initiatives
7. Summary of Trade Point site visits and meetings with representatives of Permanent Missions in Geneva
8. Trade Point directors survey results
9. Government survey results
10. Summary of donor funding for Trade Point Programme technical assistance
11. Summary of field missions conducted by the UNCTAD secretariat concerning the Trade Point Programme
12. List of Trade Points

---

* Background annexes appear in TD/B/WP/110/Add.1.

A. Executive summary

1. The Trade and Development Board decided at its forty-fourth session to undertake an in-depth evaluation of the UNCTAD Trade Point Programme. In response to this request, an independent evaluation team, led by PricewaterhouseCoopers, was mandated by the UNCTAD secretariat to prepare the study. From surveys and interviews with Trade Points, their clients and UNCTAD member States, it appears that the Trade Point Programme is valued quite highly and that it offers tangible benefits to SMEs wishing to access international markets. However, it was not possible to assess quantitatively the impact on the efficiency of trade or SMEs' development. At the same time, the evaluation registered a shift in the Trade Point Programme from its initial primary role in the dissemination of trade information to becoming a platform for information exchange and the virtual promotion of goods and services supported by secure electronic payment means.

2. After drawing conclusions on the typology of Trade Points and noting that government intervention under different forms has often been instrumental in the Trade Point success, the evaluation questions whether Trade Points can become fully self-financed but supports the idea that services provided should generally be paid for. In any case, Trade Points reflect their operating environment. Therefore, the scope of services provided and well as the self-sustainability potential are highly dependent on the national context and should be adapted accordingly. As a consequence, its involvement of government appears necessary, including through a varying degree of public subsidy but also as a partner in the provision of trade-related information and a regulating and certifying body. In the absence of an independent body such as an international federation of Trade Points, UN agencies (mainly UNCTAD and ITC) or regional Trade Point associations can play a catalytic role in assisting Trade Points to expand in quantity or quality and to provide higher added value or lower cost services. This role should evolve towards contributing to better market transparency at all levels (software, trade information sources, best practices in trade efficiency and Trade Point development, etc.).

3. To promote the further development of the Global Trade Point Network, it is recommended that co-ordination between Trade Points be enhanced through the development of a knowledge management framework and regional support centres and federations.

4. Two products have been or are being developed under the Trade Point Programme auspices, namely, the ETO/SETO systems and the related SEAL initiative. Trade Points are one of the main potential institutions, whenever they exist, to play a significant role in the development of electronic commerce. In this role, a software infrastructure is needed which would provide: digital authentication of merchants by digital certificates, matchmaking and filtering services for ETOs, a World-Wide-Web-based knowledge management framework, digital payment services, etc. The private sector should be closely involved in setting up compatibility and communication standards and in making this software available on the market.

5. The degree of satisfaction expressed about the support provided by the UNCTAD secretariat was not very high. According to findings of the evaluation, the secretariat's mandate should be reviewed and refined with clearer boundaries established with other organizations like ITC. The report contains elements for decision by member States on the spectrum and nature of the UNCTAD secretariat's mandate, as well as on the registration mechanism for Trade Points and requirements in establishing Trade Points. In order to facilitate their application at the national level, they should first be adopted at the intergovernmental level. Accordingly, the management structure for the Trade Point Programme within the UNCTAD secretariat may have to be reorganized along

functional lines to incorporate additional technical expertise and enhance its co-ordinating and management capabilities.

B. Scope of the Trade Point Programme evaluation

6. This section of the report provides a summary of the terms of reference provided to the Evaluation Team and the methodology that was developed to address the requirements set forth by UNCTAD. For the purposes of this document, the term "Global Trade Point Network" is used to indicate the physical network of Trade Points, while "Global Trade Point Net" (GTPNet) refers to the electronic channels (e.g. e-mail, WWW sites) employed by the secretariat and individual Trade Points to exchange information within the Trade Point Network and with the clientele of the Trade Points.

1. Terms of reference

7. The terms of reference for the evaluation of the Trade Point Programme elaborate several requirements, including: (1) assess the Programme concept and design; (2) review the status of Trade Points and the Global Trade Point Network and GTPNet; (3) appraise the results and impact of the Programme; (4) identify significant lessons learned; (5) assess the impact of Internet-related developments on the Global Trade Point Network; (6) review the relationship between the Programme and similar initiatives within and outside the United Nations; (7) provide recommendations regarding the strategic direction of the Programme. The full terms of reference are provided in annex 1.

2. Methodology employed

8. The Evaluation Team consisted of two elements: (1) senior trade and electronic commerce experts from the management consulting division of PricewaterhouseCoopers; and (2) two experts in UNCTAD's intergovernmental processes and work programme, in particular regarding the Trade Efficiency Initiative[1], acting in their personal capacity. Given a limited timeframe in which to conduct the evaluation, the methodology employed consisted of: (1) interviews with relevant secretariat staff and review of related background information on the Programme; (2) surveys of Trade Point (TP) directors (47 responses out of 147), TP clients (3 responses) and all UNCTAD's member States (27 responses out of 121); (3) site visits to 14 Trade Points in 10 countries, which also included meetings with relevant government trade officials and selected Trade Point clients. These were complemented by telephone interviews with other selected Trade Points, national and multilateral development agencies and business associations; and (4) technical evaluation of Trade Point-related technology initiatives, specifically focusing on the ETO system and the proposed SEAL initiative. A more complete description of the methodology is presented as annex 2.

C. Initial objectives of the Trade Point Programme

9. The Trade Point Programme (TPP) had its beginnings in UNCTAD VIII, where the initial mandate for an Ad Hoc Working Group on Trade Efficiency was adopted and a pilot Trade Point operation was demonstrated. The Ad Hoc Working Group established a work programme which included, inter alia: (1) the analysis of means by which governments can promote trade efficiency; (2) the development of a pilot programme involving 16 Trade Points; and (3) the organization of several technical co-operation and research efforts, which culminated in the 1994 United Nations International Symposium on Trade Efficiency (UNISTE), held in Columbus, Ohio, site of one of the initial Trade Points. The Trade Point

---

[1] Ms. Nathalie Floras of the Swiss Federal Office for Foreign Economic Affairs and Mr. Alejandro Rogers from the Permanent Mission of Chile.

Network, which had already grown to over 50 Trade Points in various stages of development, enabled the formal launching of the GTPNet aiming at connecting all Trade Points electronically.

10. Subsequent to UNISTE, an informal working group focused on issues of interconnectivity within the Trade Point Network, the development of an institutional framework for co-operation among Trade Points, and increasing technical co-operation efforts. This work programme resulted in further refinements of the role of Trade Points and their basic principles of operation and organization. The secretariat was also requested to focus its future efforts on issues of telecommunications/GII[2], participation of SMEs and transport.

11. "A Partnership for Growth and Development" requests the UNCTAD secretariat to consolidate the Trade Point Network by making Trade Points fully operational and explore means to achieve financial self-sustainability within the Trade Point Programme (Global Trade Point Network plus GTPNet). Subsequent meetings of the Trade and Development Board and the Commission on Enterprise, Business Facilitation and Development also requested the secretariat to solicit contributions to fund the expansion of Trade Points and to provide for an external evaluation of the Trade Point Programme.

12. A more extensive elaboration of the evolution of the mandate for the Trade Point Programme is presented as annex 3.

D. Assessment of the Global Trade Point Network

1. Development of the Global Trade Point Network to date

(a) Number of Trade Points

13. According to the latest statistics provided by the UNCTAD secretariat, there are 147 Trade Points, located in 121 countries. Forty-six of these Trade Points are counted as operational according to the work plan of the UNCTAD secretariat, 18 are in the development stage, 83 are in the feasibility stage, and government requests have been submitted for a further 36 Trade Points (see annex 12). Though insufficient responses to questionnaires (47 out of 183 Trade Points, 27 out of 121 Governments) made a complete census of the Global Trade Point Network impossible, statistics provided by the UNCTAD secretariat contained significant discrepancies with the reality encountered in the field; for example, Trade Point Senegal was registered as being operational, but this will only be the case in autumn 1998; and in China 30 Trade Points are currently in the process of being established without UNCTAD's knowledge. According to the survey, 24% of the Trade Points are currently operational and only 5% were established but are no longer operational. The main difficulties cited in the survey, as in the field visits for setting up and operating Trade Points, were lack of financial support and lack of guidance, training and education.

(b) Trade Point operational institutional models

14. When the Trade Point Programme was initially conceived in 1992, it was intended that Trade Points would operate as so-called "one-stop shops" (virtual or physical), providing at one location all the necessary trade information and ancillary services needed to conduct international trade transactions, such as arrangement of customs processing, financing, transport and insurance.

---

[2] GII: Global Information Infrastructure.

From the information collected, we identified four main operational institutional models of Trade Points:

- **Physical trade information Trade Point -** These Trade Points either provide only trade information and communication facilities (e.g. photocopier, Internet access) or bring together under one roof service providers such as banks, insurance companies and freight forwarders who can advise clients on how to carry out their trade transactions. The actual transactional services are furnished outside the Trade Point in the service provider's offices.

- **Physical trade facilitation Trade Point -** This form of Trade Points offers trade information, advice and counselling, banking services, and access to customs and/or shipping services on its premises so that clients can arrange all the details of their transaction in one location.

- **Virtual trade information Trade Point -** Such Trade Points generally offer trade information, including ETO-related services, through a WWW site. This type of Trade Point, in most cases, also has physical offices but does not generally host representatives of affiliated trade service providers. However, the World Wide Web (WWW) site may contain a trade services directory or hyperlinks to the WWW sites of partner organizations.

- **Virtual trade facilitation Trade Point -** In this case the Trade Point brings together its affiliated service providers using electronic data interchange (EDI) over the Internet or a private network. A Trade Point client can exchange transaction information with the trade service providers online, either from the Trade Point's offices or from their own premises if they have the requisite communications capabilities. In most developing countries, these Trade Points also have physical offices.

The site visits indicate that the majority of Trade Points are moving towards this virtual trade facilitation operational model.

15. The operating model utilized depends mainly upon the technological sophistication of the local exporter and trade services communities - which in turn depends on the general development stage, geographical size and logistical constraints of the local market.

16. Our site visits lead us to the following categorization of visited Trade Points into operational institutional models:

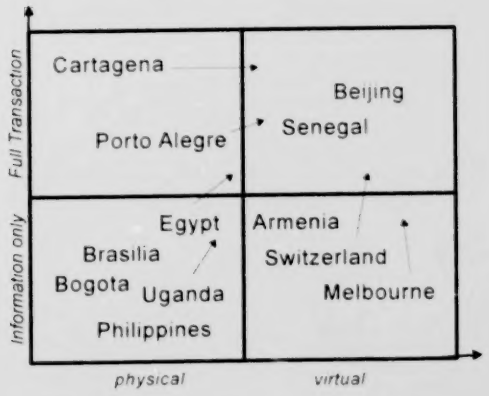


Figure 1: Trade Point Operational Institutional Models

17. Besides operational institutional models, Trade Points can also be classified into the three following categories:

- **Trade Points in countries with less advanced technological infras tructure and insufficient demand for international trade services**
  These countries normally have limited telecommunications infrastructure, and local SMEs therefore have insufficient computer network/Internet access to connect with the local Trade Point and/or the GTPNet. In such countries the emphasis is put on physically providing trade information and facilitation services. For example, ETOs are reviewed by the Trade Point staff and forwarded to relevant clients in the form of periodic paper-hardcopy bulletins. Governments typically play a key role in terms of providing funding and other resources (e.g. premises and infrastructure).

- **Trade points in countries with a more ex tensive international trade base and a rapidly adapting technological infrastructure**
  In these countries, more extensive and operational institutional landscape for trade-related services already exists. The countries' efforts are often concentrated on making these services more efficient. It is in these countries that Trade Points find the best context for developing virtual trade facilitation Trade Points.

- **Trade Points in industrialized countries**
  In highly industrialized countries, physical 'one-stop shops' are becoming obsolete, as information and access to services are readily available through various information channels. Many Trade Points in advanced economies have attempted to package a suite of free and fee-based information as well as facilitation services, which are delivered through a WWW site, but have provided insufficient added value products or services (economy of scale to recover costs). They often compete with similar services offered by Chambers of Commerce and industry associations (e.g. Swiss Office for Trade Promotion (OSEC) in Switzerland). Surprisingly, few existing economic development and trade promotion organizations in these countries have exhibited significant interest in the Trade Point Programme. This may be due to insufficient awareness of the Programme, particularly the benefits of access t the global network of Trade Points.

18. More mature trade networks, such as the World Trade Centres Association (WTCA), have been able to capitalize effectively on their international connections, proprietary information systems and global brand name to achieve economic self-sufficiency. However, the cost for new entrants for similar networks (e.g. franchising: initial membership charge and yearly fees) is typically very high.

(c) Role of Governments

19. From an institutional perspective, the site visits and survey results indicate that Trade Points classify themselves as privately operated, although many also enjoy direct or indirect financial and logistical support from Governments (over 50% of Trade Points). According to the survey responses, 30% classify themselves as privately operated, 27% as government-operated and 43% as mixed ownership.

20. Historically, the Trade Point Programme has drawn significantly more interest and government support within developing countries or economies in transition, particularly where the existing trade promotion and facilitation institutions are inadequate or not able to readily absorb advanced technology. According to the site visits and interviews with the secretariat, a number of Governments have embraced the concept of trade efficiency and have devoted significant resources not only to Trade Points but to reforms in regulation, legislation and trade procedures. Site visits indicated that successful Trade

Points in these countries enjoy a significant amount of direct or indirect government funding and are therefore able to offer free or low-cost services.

(d) Financial sustainability

21. Twenty-five per cent of the Trade Points claim to be at least partially self-financed. Nevertheless, Trade Points are heavily dependent on external financing. Currently, they are either almost exclusively government financed (China, Egypt) or receive a direct or indirect support from other trade organizations such as Chambers of Commerce, Chambers of Manufacturers, or World Trade Centres (WTCs) they are connected to. It is the goal of most Trade Point directors to become self-sustaining in the long term. Towards that goal, they are charging at least nominal fees for their services, but currently these fees are only covering a small fraction of the operating budget (75% of Trade Points who responded to the survey assert that revenues do not cover operational costs). Therefore other chargeable services are provided (ranging from photocopier services to software subscriptions) to subsidize the Trade Points services. Based on our interviews with Trade Point directors and Governments, it is questionable whether physical Trade Points will ever become fully self-financed. Because infrastructure costs for virtual Trade Points are much lower, we see a chance for Trade Points pursuing the virtual approach to become self-financed more easily. They get a chance to recover information technology (IT) infrastructure development and set-up costs by charging their clientele for value-added trade information and trade facilitation services.

(e) Impact on development

22. The impact of Trade Points on the overall trade performance of any economy could not be quantified, because, as with most infrastructure development, it is near to impossible to numerically measure the impact on the local or global economy[1]. However, Trade Points have become an integral part of the international trade institutional infrastructure in many countries. As such, they have assisted many SMEs at some stage of an international trade transaction, as examples show[2]. Moreover, in some cases Trade Points have been able to act as a catalyst for improvements in trade efficiency within government trade, especially customs[3] agencies, but also with other

---

[1] It has been similarly impossible to quantify the economic impact of IT or telecommunications («Information Technology in the Service Society», by the US National Research Council, National Academic Press, Washington DC, 1994).

[2] *Cairo:* The Egypt International Trade Point has developed a multimedia catalogue on behalf of its customers. This catalogue is on CD-ROM and employs the latest technologies to advertize products and services of Egyptian SMEs to an international audience. There is also a Web version of this catalogue.
Porto Alegre: The Trade Point Porto Alegre has assisted a representative of a crafts producer union to overcome the legal obstacles of exporting crafts. Previously, it was prohibited to export crafts outside of Brazil. Trade Point Porto Alegre staff went through Brazil state legislation and cleared the way with customs for crafts exporters.
Cartagena: The Trade Point Cartagena assisted a small exporter of fruit products to identify business partners in Europe and is helping him to set up a working relationship over the Internet with his business partners abroad.

[3] Several customs agencies in countries which the evaluation team visited are restructuring their internal operations and therefore lack resources to take on any international or integrating projects. Information services provided by Trade Points were able to reduce the load of these governmental organizations, acting as a first contact for trade issues. Eventually projects were initiated to streamline trade import/export processes.

organizations in the local trade community. Trade Points are well accepted by the business community, as has been confirmed in 90% of site visits and Trade Point questionnaires.

(f) Main common characteristics of successful Trade Points

23. Based on the analysis of field visits, critical success factors for Trade Points could be determined which, not surprisingly, are essential traits of good business management practice:

- The Trade Point requires energetic, visionary, competent, and self-motivated leadership with excellent industry and government connections.
- The Trade Point concept needs to be adapted to the local environment, not only building upon the basic concept and the work plan provided by the UNCTAD secretariat.
- The technical expertise (e.g. in hardware/software maintenance) to operate the Trade Point needs to be acquired and maintained locally.
- The Trade Point needs a significant commitment of public or private sector resources in order to succeed. In the case of developing countries, this primarily takes the form of state support, which can be backed up by resources provided by Chambers of Commerce and other members of the business community.

2. Co-ordination and co-operation among Trade Points

(a) Interconnectivity and Global Trade Point Network knowledge management structure

24. Aside from the ETO System, the Global Trade Point Network has not been able to develop a successful approach to share information, including experience among Trade Points (e.g. specific services provided, projects, success stories). Most information sharing currently takes place on an ad hoc basis via e-mail or fax, although several Trade Points have established WWW sites which offer access to their trade information resources. In addition, there appears to be no central mechanism (e.g., E-Mail Listserv or WWW-based discussion groups) through which Trade Points and the UNCTAD secretariat can communicate on a collective basis. Although a discussion forum was established on the United Nations Trade Point Development Centre (UNTPDC) WWW site in 1995, it was open to the public and did not appear to be well publicized within the Global Trade Point Network. As a result, it has not been extensively utilized as a channel for inter-Trade Point communications. The main means of communication and networking between Trade Points developed to date has been the Trade Point directors' meetings held since 1995.

25. ***Recommendation - Develop a Global Trade Point Network knowledge management framework*** - *More effective knowledge management within the Global Trade Point Network is essential if Trade Points are to collectively exploit global information resources for the benefit of their clientele. UNCTAD and the ITC should consider a much broader role in knowledge management within the Global Trade Point Network, for at this stage the network lacks the centralized resources to set up and administer an effective knowledge management framework. In addition, the secretariat could utilize knowledge management applications to share information and experience internally and with the Trade Points.*

26. *This effort could begin on a limited basis and evolve over time as more Trade Points gain partial or full Internet access. Potential knowledge management tools, which could be employed, include:*

- ***Listserv or WWW-based discussion group***, *maintained by UNCTAD/ITC, whose membership would be limited to Trade Points. It could be used by the secretariat as its main channel to broadcast Global Trade Point Network news and announcements, thereby creating an incentive for Trade Points to keep their e-mail address information up to date. Trade Points could also utilize the Listserv to broadcast general requests for information or assistance*[6]. *Low-cost packaged software is readily available to support this functionality. It is understood that the ITC is considering such a capability.*

- ***Virtual Global Trade Point Network Intranet***, *which could start as a password-protected WWW site, where Trade Points could provide information concerning their trade information resources and services as a reference for the rest of the Global Trade Point Network. Existing software tools could be utilized to maintain an online archive of "help desk" enquiries from Trade Points (and the associated responses) seeking technical or trade information.*

27. *The administration of this site could be decentralized by means of online forms through which Trade Points could maintain up-to-date information on their services and hyperlinks to their online resources. In addition, a more in-depth clearinghouse of trade information resources available within the United Nations, the Global Trade Point Network and elsewhere on the WWW could be maintained. This resource could eventually form the basis for Global Trade Point Network information services. Further information on knowledge management principles and suggested Global Trade Point Network applications are presented in annex 5.*

28. *It is also recommended that the development of knowledge management applications be considered as a possible project under the Partners for Development initiative. Many of the technology firms being approached to participate in the initiative have significant expertise in the area and could provide expert assistance in the design and implementation of a Global Trade Point Network knowledge management application.*

(b) Certification of Trade Points

29. During the site visits to selected Trade Points, it was found that in several countries there are a large number of Trade Points which have not been previously recorded, either as "operational" or in the "development stage". A possible cause of the problem underlying this finding has been identified in the centralized certification process proposed by the UNCTAD secretariat. The "Work Plan for the Establishment of a Trade Point" (annex 4) has only been developed in recent years. It leads to requests for adjustments by already operational Trade Points which did not always understand the usefulness of the exercise. It also proposes criteria (e.g. creation of a legal entity for Trade Points) which have slowed down the process of Trade Point creation. In certain countries the constitution of an association was regarded as not necessary (e.g. the organization setting up the Trade Point being already recognized by the government as a legal body), while in other countries such prerequisites were unfamiliar to the local business culture and led to tedious discussions

---

[6] A working example of this concept is the Association for International Business (http://www.earthone.com), a two-year-old non-profit organization whose members include over 6,000 SMEs worldwide. It operates an e-mail based discussion list which handles 20-30 messages per day involving requests for trade-related information and the resulting responses from list members and experts who moderate the forum.

about policies to be applied.

30. The second obstacle to having a reliable certification process via the UNCTAD secretariat is the latter's limited capacity in terms of imposing requirements at the country level. As a consequence, the secretariat lacks the means of monitoring the existence of Trade Points and their evolution over time.

31. *Recommendation - Simplify the Trade Point certification requirements* - The requirements for establishing a Trade Point should be relaxed to take into account differing legal environments in member States and to allow existing trade promotion or facilitation organizations or private sector entities to join the Global Trade Point Network more easily. In particular, the requirement for a separate association or legal entity for Trade Points should be eliminated or waived in the case of existing organizations with a track record in providing trade information or facilitation services.

32. *Recommendation - Increase national Governments responsibility for certifying Trade Points* - National authorities should be more closely associated with the UNCTAD secretariat responsibility in respect of the field of certification. National Governments, particularly those which are actively involved in promoting trade efficiency, should be granted the option to independently certify Trade Points in the absence of a national or regional Trade Point federation. While it would be preferable to have a Trade Point federation assume this role, this measure would help to reduce the administrative burden on the secretariat and ensure the continued engagement of the Government with respect to the Trade Point Programme.

(c) Trade Point federation

33. Most interviewees in Trade Points with advanced infrastructures suggested creating regional support centres, e.g. in Latin America, the Middle East, Asia, and Africa. This was also initially planned under the original GTPNet proposal but was not implemented.

34. *Recommendation - Focus federation establishment efforts at the regional level* - Given the present stage of the Global Trade Point Network's evolution and its resource limits, the development of a world federation of Trade Points will be difficult to accomplish but should remain an ultimate goal. Efforts should therefore be concentrated on building regional federations/associations, with a view to eventually creating a world body when conditions permit. In the meantime, the Commission on Enterprises, Business Facilitation and Development and related expert meetings should act as a co-ordinating mechanism.

35. These regional federations/associations could have the following responsibilities:

- *Co-ordinate efforts to develop new free and fee-based information products and services appropriate to the region's needs, language preferences and stage of development* - For example, Governments in Latin America have begun to license shipment-level import and export data available from their customs authorities to business information firms. These organizations, in turn, utilize database applications to provide sophisticated business intelligence services, which enable their clients to monitor their foreign competitors and identify potential new customers.

- *Co-ordinate technical co-operation efforts to assist new Trade Points* in the region and arrange for training and internship opportunities within existing Trade Points.

- ***Negotiate on behalf of the Trade Points with private sector providers of fee-based trade information***, *such as in-depth market research and company credit reports, in order to obtain volume discounts on these expensive resources.*

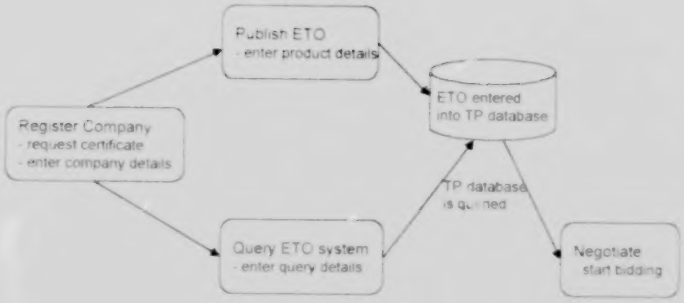
- ***Co-ordinate knowledge management efforts within the region*** - *These regional development centres should be funded by the participating Governments and interested donors, with support from the UNCTAD secretariat.*

3. Global Trade Point Network services and information infrastructure

(a) ETO system

36. The electronic trade opportunities (ETO) system is the most widely used service of the Trade Point Programme. Over 60% of Trade Points provide this service to over 60% of their clients. To our knowledge, the ETO system has become, to date, the predominate source of international trade leads and is utilized by businesses worldwide. The ETO system is not exclusively related to Trade Points, as enterprises can send or receive ETOs directly and many Governments redistribute ETOs through their own online information services. However, there is growing evidence that the usefulness of the ETO system is being degraded by the large amount of advertising that is being done by various export companies. Trade Point director interviews, as well as comments from online trade-related Internet discussion groups, all indicate that users are being inundated with ETOs containing advertising messages - to the point that many firms no longer utilize them. According to our analysis, in an improved ETO system, a message sender or recipient should be authorized and uniquely identified by a qualified certification authority. Moreover, ETO messages should be filtered to deliver only relevant messages to effective potential clients.

37. SETO (Secure Electronic Trade Opportunity) is expected to be a trade message system circulating between certified and authenticated users and would be standardized in a manner that guarantees the quality of the information contained. It is an extension of the ETO system to electronically support the

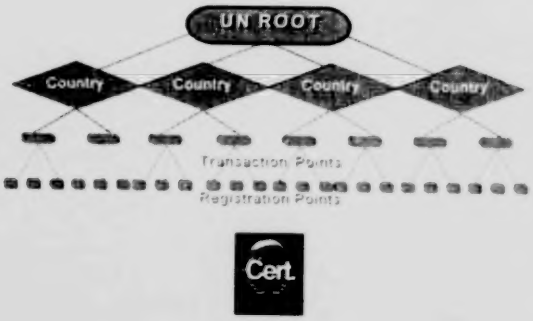


whole trading process, from matchmaking, through negotiation, to payment and shipment arrangement. A prototype with public domain components has been built and a reference implementation based on commercial products is available.

38. ***Recommendations - Pursue the development of a next-generation ETO system which provides qualified trade opportunities*** - *Depending on the direction taken with respect to the SEAL initiative (see below), the secretariat should continue to pursue the development of an upgraded ETO system. The Secure ETO system (SETO), which requires registration of the organization issuing ETOs with Trade Points (and other certification authorities if operated within the SEAL infrastructure) would offer a much higher quality of trade opportunities and should be pursued. The ultimate configuration should be standards-based, utilize structured data formats and otherwise conform to the Global Trade Point Network's principles of interoperability. SETO should operate in parallel with the current ETO system, although the new service should be fee-based in order to provide a source of potential revenue for participating Trade Points and other agents. Another, less sophisticated, alternative would involve establishing a parallel ETO system, using structured formats, where issuance of new ETOs would be restricted to Trade Points, which would presumably charge for the uploading of trade opportunities to this new, more exclusive system. This would require developing standards (Trade Point federation or UNCTAD secretariat) to qualify the trade opportunities before they are sent to the central processing hub.*

(b) The SEAL initiative

39. SEAL, the Secure Electronic Authentication Link, should provide a secure framework for cross-certification and interchange between national certification authorities, with the United Nations as a root. A system such as SEAL is a prerequisite for the development of SETOs. SEAL has a much wider scope, as it touches upon all possible information regarding individual or other corporate entities worldwide:



Its application in the field of trade is being developed by UNCTAD. A prototype linking the Ministry of Foreign Trade and Economic Cooperation, China, the United Nations Trade Point Development Centre (UNTPDC) Melbourne, and the University of Minnesota at Minneapolis has been built and tested. Based on the mandate to support the Trade Points and to make the GTPNet fully operational, a proposal on SEAL to UNCTAD member States is currently being prepared by the secretariat.

40. The International Secure Electronic Transaction Organisation Association (ISETO) was planned as a non-profit foundation for developing the SEAL infrastructure in co-operation with the United Nations. ISETO was founded in August in Switzerland, and has Microsoft, HP, Spyrus, and KPMG as members.

41. The SEAL idea and concept is visionary and worthy of implementation. Nevertheless, the SEAL/ISETO implementation as suggested by the UNTPDC was seriously flawed. Because the SEAL concept is currently under revision, we have to base our evaluation and recommendation on the material presented to us, which is still based on the UNTPDC documentation.

42. Although SEAL is based on the certification standard X.509v3, there is no guarantee that IT systems vendors will accept the UN implementation. In spite of the fact that commercial systems currently claim compliance with X.509v.3, a Verisign system does not work directly with an Entrust system, which does not work directly with the Spyrus system, which does not work directly with the NetDox system from Deloitte & Touche, etc. To improve chances that vendors standardize on the basis of the SEAL X.509v.3 implementation, the United Nations could sponsor a pilot and reference implementation, which would then be given away for free.

43. The SEAL/ISETO initiative originally intended to get financing by charging each user US$ 55 per certificate, although the final pricing policy will be established after an in-depth marketing study. According to Gartner Group, an IT industry analysis, fees from commercial vendors are much lower (e.g. Verisign: US$ 2-11 per certificate; Entrust: US$ 1.25-40; GTE Cybertrust: US$ 4.50).

44. It is near to impossible for an SME in a developing country to pay US$ 55 annually for a certificate. To provide the technology to developing countries, an incubator scheme costing US$ 72 million[7] has been suggested. This means that operation of the PCA, CA, and RA[8] would be outsourced to a consortium. Nevertheless, it remains unclear how developing countries could pay their share of the incubator.

45. Commercial United States certificate vendors are backing their certificates by giving insurance against fraudulent use. The United Nations may need to take similar legal precautions, but the means necessary to provide such insurance may prove prohibitive and out of the scope of an existing United Nations body.

46. The European Community European Certification Authority Forum (ECAF) and countries such as Switzerland (Swisskey), or Singapore, have already put certification consortiums and infrastructures in place that provide nationally approved certificates for use as "digital passports" which are based on standard Entrust or Verisign technology.

47. **Recommendation** - *While commercial vendors (Verisign, Entrust, Microsoft, IBM, Netscape, TradeWave, Xcert, etc.) and service providers (Deloitte & Touche's NetDox, GTE Cybertrust, etc.) are currently beginning to dominate the market, there is no co-ordinating body to help consolidate the market in terms of standards, regulation and legal issues, cross-certification, and education. We do not see the United Nations as an implementation and execution agency dealing directly with certificates. We see the United Nations as a public organization setting and managing standards. Operation of the infrastructure should be left to the private sector. We suggest that a discussion be held between member States to assess the best modalities for establishing standards in such a field.*

---

[7] Secure ETO Incubator Establishment on Behalf of ISETO, Business Model, August 1998, Draft 1.1.

[8] PAA: Policy Approving Authority; PCA: Policy Creation Authority, CA: Certification Authority, RA: Registration Authority.

48. *It has to be taken into account that there is a strong need to search for solutions for secure electronic commerce and the SEAL initiative could facilitate its advent, but at present there is no mandate from member States. It would therefore be recommendable for Governments to consider this matter in the relevant policy-making bodies of the United Nations.*

E. Assessment of the UNCTAD secretariat's role in development of the Trade Point Programme and Global Trade Point Network

1. Programme concept and implementation

49. The Trade Point Programme was intended to provide the services cited in the relevant mandates (annex 3) and to ensure the effective implementation of the trade efficiency initiative. Governments answering the questionnaires stated that they were satisfied with the achievements of the Trade Point Programme. Though they were less satisfied with the services provided by UNCTAD secretariat, they confirmed by a large majority (76%) that the UNCTAD secretariat should remain responsible for the co-ordination of the Programme. They also recognized that, although information in general was the main role of Trade Points in the initial years, the importance has shifted towards advice and counselling but will definitely move in future to a focus on maintaining and supporting the GTPNet. From interviews held, it also appears that many interviewees are expecting more from UNCTAD than originally thought when, according to the Columbus recommendations, the trade efficiency initiative was to be mostly implemented at a national level. The Trade Point Programme has developed most favourably in countries where government support was the most substantial and constant.

50. By analysing the synthetic review of the mandate provided in annex 3, it appears that the role of Governments has never been formally discussed. Similarly, the financial consequences of the Programme were to be assessed by the secretariat and submitted to the Working Party on the Medium-term Plan and the Programme Budget, but no evidence has been found of such a step, although financial shortages have been mentioned as a major shortcoming in the Programme's development.

51. We also noted a significant parallelism between the declining intensity of intergovernmental discussions on the trade efficiency initiative and its components since 1995 with the decline in the rate of Trade Point development into the operational stage.

52. ***Recommendation*** - *The trade efficiency assessment process, which is to be implemented on a voluntary basis, should be encouraged to provide means of measuring trade efficiency and its evolution in time. Expert meeting(s), with the participation of Trade Point representatives, could be held to propose decisions on issues raised by the present evaluation, in particular on the following topics:*

- *The secretariat's role and mandate;*
- *The role of Governments and the need to review the text of Columbus;*
- *The content and modalities of technical assistance to be provided to Trade Points;*

53. *As planned in 1993, the financial consequences for the UNCTAD secretariat of Programme implementation should be more systematically assessed and the relevant recommendations brought to the Working Party.*

2. Product and service development

(a) Co-ordination with other UN and development agency programmes

54. **Roles of UNCTAD and ITC** - At the beginning of the Trade Point Programme, ITC mostly assisted in providing Trade Points with trade information (e.g. market analysis/research, trade opportunities, establishment and maintenance of trade information services). At a later stage, the task was divided, with ITC taking charge of that part of the Programme which focuses on the pre-transactional trading phase (e.g. organizing training events and seminars, managing the trade information library, disseminating trade information), while the UNCTAD secretariat was responsible for the "physical" implementation of the Programme, namely the set-up of Trade Points. ITC is supporting Trade Points, upon request, in promotional activities traditional to trade promotion organizations (e.g. help in marketing activities, preparing inauguration events). In operation, Trade Points can fall back on ITC's helpdesk (e.g. on trade information sources, seldom on methodologies). During interviews, the evaluation team noticed that the line of responsibilities was not clear and that the co-ordination between the activities of the UNCTAD secretariat and ITC could be improved.

55. Also, survey results did show that satisfaction with the UNCTAD secretariat's training services was rated only mediocre on average. During interviews, it was frequently stated that, after the introduction of the Trade Point Programme, Trade Points were left on their own for the technical implementation.

56. ***Recommendation - Develop standardized technical assistance packages for Trade Points under development and set preconditions for such assistance*** - *The example of the training courses developed for the Romanian Trade Point should be pursued and enable the development of a comprehensive training package (onsite or distance learning) covering fundamental Trade Point operations out of the wide range of existing training materials. The following topics have been identified as priority areas:*

- *Developing and managing the Trade Point WWW site;*
- *Electronic commerce fundamentals;*
- *Developing online product catalogues, including a survey of currently available software for creating and commerce-enabling online catalogues;*
- *Developing trade information services, building on current ITC training capabilities.*

57. *Clearer lines between the respective roles of UNCTAD and ITC should be drawn regarding Trade Point Programme implementation.*

58. *Preconditions should be established for providing technical assistance to a specific Trade Point. These might include co-financing by the host Government or a commitment by the host Government or a private sector sponsor to assist in funding the Trade Point operation during an initial period of operation. Any distance learning courses developed could reside within the Global Trade Point Network virtual Intranet described previously in this report.*

(b) Generic services versus end user products

59. In developing countries, Trade Points can more easily offer all trade information services, whereas in countries in transition and in developed countries, competition makes it more difficult to market information services.

Therefore, each Trade Point needs to define specific "niche" products and services of added value for its trade business community.

60. ***Recommendations - Added value services for clients:*** *Reliable trade data is the main concern of ITC, and verification, especially done remotely, is very expensive. Here Trade Points could play an active role in collecting, verifying and feeding back data into various trade information databases. For example, ITC is issuing voluminous weekly reports (e.g. world market commodities price information) which are also subscribed to by Trade Point customers. An added value service and sustainable source of revenue for Trade Points could be to customize these reports for their clients. These clients in turn would be charged less (than for the whole bundle) and would, in addition, receive information specifically tailored to their needs. However, this service is very human resource intensive and would require pre-investments that not all Trade Points can afford.*

61. The UNCTAD secretariat needs also to develop consistent policies with respect to the dissemination of fee-based information products and services developed by Trade Points to the rest of the Global Trade Point Network. Even if the secretariat does not wish to be seen to be endorsing a particular product or service, it would be useful to provide a level playing field for Trade Points. Given the limited geographical market which a given Trade Point serves and the constraints on their marketing resources, it is essential that Trade Points co-operate in co-marketing their respective information products and services if they are to achieve financial self-sustainability in the absence of external subsidies.

62. ***Recommendation - Assist in negotiating with private sector providers of fee-based trade information services,*** *such as product market research, country risk analysis and company credit reports - either for internal use or for resale to Trade Point clients. Although the secretariat cannot directly negotiate such agreements, it should be possible to work initially with a small group of interested Trade Points (for example, a regional Trade Point federation) to develop pilot agreements which other Trade Points could sign on to in the future. Individual Trade Points have already successfully negotiated re-marketing contracts with information providers such as Dun & Bradstreet and the Economist Group, and a larger grouping of Trade Points should therefore be able to obtain finer pricing by virtue of their greater potential purchase volumes.*

3. Fund raising for Trade Points in developing countries

63. Funding was often stated as a main inhibitor in the creation and survival of a Trade Point. Though Trade Points were originally conceived to be born from a national initiative and find its funding accordingly, a general criticism by Governments as well as trade points to the UNCTAD secretariat was the lack of financial support.

64. ***Recommendation in addressing running costs*** *- The Global Trade Point Network should facilitate the exchange of experience between Trade Points (e.g. in pricing for their services). Moreover, Trade Points could be assisted in the budget planning process, which would then attract public or private support more easily. The secretariat should also develop guidelines for Trade Points to follow in preparing proposals to the local offices of donor agencies. Many Trade Points have successfully attracted funding from related donor programmes within their countries, though a more structured methodology, based on the UNCTAD secretariat's extensive experience, would be likely to contribute to an increased success rate for such locally generated proposals. These guidelines could reside within the Virtual Global Trade Point Network Intranet described earlier in this report.*

65. ***Recommendation in addressing technical assistance needs*** - *The UNCTAD secretariat should intensify its co-ordinating role in this field with the identification of (common) needs and assistance for finding the appropriate executing organization. As a consequence, it should continue to take the lead in generating awareness of the Trade Point Programme among donors and other international agencies. A quarterly newsletter, available on paper and via e-mail, would be one way to increase the Programme's visibility.*

4. Monitoring other technology initiatives and partnership with industry

66. At the beginning of the Trade Point Programme, the dissemination of trade information was defined as its primary role. Interviews and survey results indicated that the future orientation of the Trade Point Programme will be to provide a platform for information exchange, virtual promotion of goods and services supported by secure electronic payment means (electronic commerce), and fostering partnership with the private sector. In interviews, Trade Point directors expressed great interest in co-operating with industry. In many countries, Trade Points are developing commercial software and services addressing the needs of Trade Points with the goal of making their Trade Points self sustained, or even profitable. According to the survey, there were already efforts by individual Trade Points to develop products (e.g. ETO filtering products), which they hoped to propagate across the Global Trade Point Network. The UNCTAD secretariat in Geneva has historically taken a neutral stance with respect to these products and service offerings. However, in many instances, UNTPDC has actively impeded efforts by Trade Points or other service providers to market their products and services within the Global Trade Point Network, even though it was not developing comparable services. Several Trade Points which sought to support their operations through the sale of trade-related information and software have had to downsize or cease operations because they could not generate the necessary revenues from their local market.

67. ***Recommendation - Finance further sustainable development of the Trade Point Network****, for which we suggest a close partnership with industry: the UNCTAD secretariat should specify the functionality of Trade Point e-commerce software (e.g. ETO filtering software) and put together a software reference implementation (ideally based on public-domain software). Software companies should be encouraged to build commercial versions of these software applications. Financial institutions should provide digital payment services to the Trade Point Network. Consulting companies could provide assistance in setting up the infrastructure, in training users, etc.*

68. ***Recommendation - Develop a standard approach to analysing and reporting on new trade-related products and services*** - *UN agencies could be instrumental in centralizing and disseminating information on existing products and services, to enable Trade Points or member States to assess the benefits and implications of these products or services. Types of initiatives that should be assessed include:*

- *Products and services designed to enhance the trade efficiency of various elements of the international trade process or to offer new approaches to the delivery of trade-related services. Annex 6 provides a summary of two relevant initiatives: (1) Project Bolero, which is a private sector initiative involving S.W.I.F.T. to create a paperless ocean bill of lading; and (2) TradeCard, an import financing facility for small companies developed by the World Trade Centres Association, which also features the capability to electronically transmit the documents required to consummate the transaction.*

- *Over the past years several trade information and facilitation services and software have been developed by various Trade Points. The Global*

Trade Point Network should be used more extensively as a means of marketing for these products.

5. Organization and management of the Trade Point Programme

69. The management organization for the Trade Point Programme within the UNCTAD secretariat has two managerial structures: one, based in Geneva, dealing with Trade Point co-ordination (all activities relating to individual Trade Points), and a second structure, based in Melbourne, that has centralized all questions and products relating to interconnectivity between Trade Points (UNTPDC/GTPNet). These two structures are fully independent. While the Trade Point Programme was generally appreciated and well regarded (90% approval in interviews and questionnaire), the support of the secretariat was generally considered insufficient or inappropriate, as for example interviewees requested improved services in various areas (as stated in previous sections about co-ordination, training, technical support, etc.). Moreover, interviewees expressed uncertainty about the respective responsibilities of the two structures. These problems should be clarified in the future as, following an undergoing investigation by OIOS in New York, the UNTPDC/GTPNet management and a small part of its staff are being relocated to Geneva.

70. ***Recommendation*** *- Following any suggested expert meeting as of under point E.1), which may specify the future UNCTAD secretariat role and mandate, it is likely that the secretariat will have to adapt the expertise of its technical staff in trade and electronic commerce and reorganize the management of the enlarged staff along functional lines.*

71. *If the development of the SEAL initiative is pursued (mandated by member States), the UNCTAD secretariat will also have to reinforce its technical expertise in the field of electronic commerce. Although the Evaluation Team is aware that UNCTAD secretariat resources are limited, at the same time there is evidence of a large volume of unmet requests for assistance from the 100+ Trade Points in the development phase - particularly those in least developed countries.*

72. *The management of the Trade Point Programme should be organized into three functional areas, including:*

- *Trade Point Programme "marketing" for the development of Trade Points, including donor relations and activities related to Partners for Development (private sector);*
- *Trade Point management and administration of central services for the Trade Point Network (e.g. WWW sites, Listservs, certification);*
- *Research and development on trade efficiency and electronic commerce in support of the intergovernmental debate.*